



Joint Civil Society Brief to Domtar SHAREHOLDERS, FINANCIERS and CUSTOMERS Documenting Risk of Proposed Acquisition by Paper Excellence

Summary: Paper Excellence's proposed acquisition of Domtar presents significant reputational, regulatory, and market risks to any entity facilitating or supporting this proposal. The undersigned organizations therefore recommend shareholders, financiers, and customers oppose and prevent this proposal moving forward.

Dear Domtar Shareholders, Financiers and Customers,

We, the 68 undersigned organizations, are reaching out to you as a company affiliated with Domtar, **urging you to oppose the proposed acquisition by Paper Excellence.**

Paper Excellence presents its acquisition of Domtar as an opportunity to “[accelerate Paper Excellence’s growth strategy, including entry into the attractive U.S. market.](#)” This reputationally unsound acquisition of Domtar would arguably make Paper Excellence the most powerful company manufacturing pulp and paper in Canada. However, their press release fails to mention that the acquisition represents a serious reputational and financial risk for Domtar and for any company currently doing business with Domtar.

The acquisition will connect Domtar to the notorious conglomerate Asia Pulp & Paper (APP) of Sinar Mas Group (SMG). There is clear evidence linking APP and SMG to 30 years of [deforestation](#), [forest and peat fires](#), and the destruction of [wildlife habitat](#) in the 2 million hectares of land under their control. Such fires, and the company’s peat development have contributed to [extensive greenhouse gas emissions](#). Reports also point to [conflicts with local communities](#) related to [land grabbing](#), forest clearance, and pulpwood plantation development in Sumatra and Kalimantan, Indonesia.

[Paper Excellence is related to APP and its parent company Sinar Mas Group](#), via their family business ownership. These, and [hundreds of associated companies](#) - many of them incorporated in tax haven countries - are tied by a [complicated and opaque corporate structure](#), with different companies often being managed by [members of the same family](#). Although a complex corporate structure obfuscates the connection between the Paper Excellence Group and APP, strong evidence indicates [the two groups operate as a deeply integrated production-marketing conglomerate with the same family business as owner.](#)

For shareholders

If the acquisition becomes effective, Domtar will be intertwined with companies associated with controversial and unacceptable practices. This also means that funds raised by Paper Excellence to facilitate the purchase are associated with unacceptable business comprising a legacy of deforestation, the reported human rights violations, and significant CO2 emissions. Domtar shareholders would be bought out with this tainted money.

Moreover, by voting in favor of the acquisition and thereby selling their shares, shareholders will significantly reduce, if not virtually eliminate, their ability to influence sustainability and human rights commitments in these geographies.

For customers and financiers

If the acquisition goes through, this merger could have a profound effect on Domtar’s growth prospects and long-term outlook, and will likely impact its competitive position in the overall global pulp and paper market. Domtar’s customers and financiers will be linked to corporate groups with severe social and environmental violations, and may therefore endure increased financial and reputational risk associated with these violations.

The Forest Stewardship Council certification (FSC) will not shield Domtar buyers and investors from reputational risks, because it is not yet clear how the takeover would impact Domtar’s FSC certifications and commitments. The fact is that the FSC [has already disassociated](#) itself from APP/SMG, meaning that no APP/SMG tenures can be certified by FSC.

APP’s and Paper Excellence’s poor track record suggest the unlikelihood of Domtar’s buyers meeting and enhancing its current commitments. Past experience [suggests](#) it is unlikely that Domtar will maintain its structure and management as independent.

Allowing the acquisition of Domtar by Paper Excellence to proceed would expose the shareholders, buyers and investors involved to these severe risks and impacts, and would implicate actors who made the purchase possible. We therefore strongly advise:

- Domtar **shareholders** vote AGAINST the resolution to approve the acquisition of Domtar by Paper Excellence;

- Domtar **financiers** avoid supporting the acquisition with loans, insurance, financial advice or other means, and to avoid any business with companies controlled by or affiliated with the APP/SMG and its family-based conglomerate (including Paper Excellence); and
- Domtar **customers** use your influence to stop the acquisition, and state that you will not buy products linked to APP/SMG and its associated companies.

We welcome the opportunity to discuss this further and answer any questions, and can be reached via info@environmentalpaper.org. At your earliest convenience, please also notify us of the actions that you will be taking regarding this proposed acquisition.

Thank you in advance for your consideration,

AFCA Australian Forests & Climate Alliance, Australia
Alberta Wilderness Association, Canada
APIL - Advocates for Public Interest Law, South Korea
ARA, Germany
Auriga Nusantara, Indonesia
BankTrack, the Netherlands
Biofuelwatch, UK and USA
Blue Dalian, China
Bomenbescherming, the Netherlands
Borneo Orangutan Survival (BOS) Deutschland e.V., Germany
Bruno Manser Fonds, Switzerland
Coastwatchers Association Inc, Australia
Conservatree, USA
David Suzuki Foundation, Canada
Denkhausbremen, Germany
Dogwood Alliance, USA
Environment East Gippsland, Australia
Environmental Paper Network, Global
Estonian Forest Aid, Estonia
FASE, Brazil
FCPEEP-DRC (Front Commun pour la Protection de l'Environnement et des Espaces Protégés), DRC
Fern, Belgium
Forum Ökologie & Papier, Germany
Forum Umwelt und Entwicklung, Germany
Friends of the Earth Japan, Japan
Friends of the Earth-US, USA
Friends of the Siberian Forests, Russia
Gippsland Environmental Group, Australia
GLOBAL 2000, Austria
Global Forest Coalition, Global
Green Camel Bell, China
Green Longjiang, China
Greenpeace US, USA
HaKI, Indonesia
Holarctic Bridge, Australia
JATAN, Japan
Kaliptra, Indonesia
LBH Pekanbaru, Indonesia
Landelijk Netwerk Bossen- en Bomenbescherming, The Netherlands
Last Tree Laws, USA
LPESM Riau, Indonesia
Luonto-liitto (Finnish Nature League), Finland
Maan ystävät ry / Friends of the Earth Finland, Finland
Milieudefensie - Friends of the Earth Netherlands
Natural Resources Defense Council, Global
Pro Natura - Friends of the Earth Switzerland, Switzerland
Pro Regenwald, Germany
Profundo, the Netherlands

Protect the Forests / Skyddaskogen, Sweden
Quercus, Portugal
Rainforest Action Network, USA
Re-nourish, USA
Restore our Earth, Global
RESTORE: The North Woods, USA
Rettet den Regenwald / Rainforest Rescue, Germany
Robin Wood e. V, Germany
Salva la Selva, Spain
Scholar Tree Alliance, China
Snow Alliance, China
Solutions for Our Climate, South Korea
Society for Responsible Design Inc., Australia
South East Region Conservation Alliance Incorporated (SERCA), Australia
Stand.Earth, Canada
Teraju Foundation, Indonesia
Terra! Onlus, Italy
Urgewald, Germany
Walhi Jambi, Indonesia
Walhi South Sumatra, Indonesia